

Message Text

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DRAFTED BY NEA/PAB:MGJONES/NH

APPROVED BY E:CWROBINSON

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S/S-O: M. TANNER

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FM SECSTATE WASHDC

TO AMEMBASSY CAIRO

AMEMBASSY ISLAMABAD

INFO AMCONSUL KARACHI

C O N F I D E N T I A L STATE 001373

E.O. 11652: GDS

TAGS: BEXP, PK

SUBJECT: CHEMTEX OFFICIALS CALL ON ACTING SECRETARY

REF: STATE 304627 (NOTAL)

1. ACTING SECRETARY ROBINSON MET WITH CHEMTEX OFFICIALS INCLUDING REMMER, EMERSON, AND TONNIES, AT THEIR REQUEST DEC. 31 TO REVIEW RECENT NEGATIVE DEVELOPMENTS ON PROJECTS IN PAKISTAN AND EGYPT. BULK OF PRESENTATION COVERED PAKISTAN. OFFICIALS PRAISED ACTIONS OF AMBASSADORS BYROADE AND EILTS AND THEIR STAFFS. THEY SAID THESE WERE FIRST OCCASIONS IN THEIR OVERSEAS OPERATIONS WHERE THEY HAD TO RELY HEAVILY ON USG ASSISTANCE AND THEY WERE PLEASED BY OUR RESPONSE.

2. DETAILED REVIEW OF CHEMTEX'S ACTIVITIES ON FCCC PROJECT IN KARACHI SHOWED THE CONSIDERABLE INVESTMENT IN EFFORT AND
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MONEY PUT INTO PROJECT BID AND SUBSEQUENT NEGOTIATIONS.

EMBASSY'S INTERVENTION ON SEVERAL OCCASIONS WAS CREDITED WITH GETTING GOP TO GIVE CHEMTEX FAIR TREATMENT. ASKED IF A PAYOFF WERE IMPLIED OR SUGGESTED AT ANY TIME, CHEMTEX SAID

THERE HAD BEEN NO INDICATION AT ALL AND THAT, IN FACT, FCCC PRESIDENT MAHMOOD AHMED HAD TOLD THEM EARLY THAT "ONE THING NOT TO DO WAS GET PAK AGENT WHO WOULD ATTEMPT TO INFLUENCE THE BID." THEY DID RECALL CYNICAL REMARK BY ONE OF THEIR ATTORNEYS THAT "THERE'S NEVER BEEN A MAJOR PROJECT IN PAKISTAN WITHOUT A PAYOFF."

3. MAIN POINT OFFICIALS MADE WAS THAT THERE WERE MANY LEGITIMATE WAYS THE GOP COULD HAVE MOVED TO DISQUALIFY CHEMTEX, BUT THAT CONTINUING INVITATIONS TO RETURN AND CONTINUE NEGOTIATIONS HAD ENCOURAGED THEM AND KEPT THEM IN GAME. THEY CONTINUE TO FEEL PRIME MINISTER BHUTTO MAY STILL DECIDE IN CHEMTEX'S FAVOR IF ALL THE FACTS ARE BROUGHT TO HIS ATTENTION. THEY BELIEVE THE FCCC TECHNICAL AND MANAGEMENT PEOPLE THOROUGHLY FAVOR THEIR PROPOSAL. THEY ARE SOMEWHAT BITTER AT BEING PUSHED OUT THROUGH A PRETENSE, PARTICULARLY WHEN THEY HAD MET ALL REQUIREMENTS INCLUDING THE ONE ON WHICH THEY WERE SUPPOSEDLY ELIMINATED BY PRODUCTION MINISTER RAFI RAZA. THEY GAVE US COPY OF DUPONT TELEX DATED DEC. 30 TO BHUTTO WHICH, PER AMBASSADOR'S SUGGESTION, ENDORSES EMERSON LETTER OF DEC. 22 AND OFFERS TO MAKE OFFICIALS AVAILABLE IN PAKISTAN AT PM'S EARLIEST CONVENIENCE.

4. ACTING SECRETARY ROBINSON SAID WE WOULD REVIEW MATTER, SUGGESTING HE COULD PERHAPS INTERVENE WITH PAKISTANI AMBASSADOR HERE TO UNDERLINE OUR HIGH-LEVEL INTEREST. THERE ARE, HE ADDED, THINGS THE USG CAN AND MUST DO IN AID OF U.S. BUSINESS, PARTICULARLY WHEN THERE IS EVIDENCE OF UNFAIR TREATMENT. ADDITIONAL APPROACH TO GOP (REFTEL) WAS ALSO MENTIONED AS POSSIBLY KEEPING DOOR OPEN FOR CHEMTEX.

5. BRIEFER PRESENTATION ON EGYPTIAN SITUATION STRESSED CHEMTEX'S SURPRISE AT DECEMBER 24 ANNOUNCEMENT OF AWARD TO RHONE-POULENC AS RESULT VISIT FRENCH PRESIDENT GISGARD. CONFIDENTIAL

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OFFICIALS SAID PRODUCTION MINISTER SHAHIN HAD "LIED" TO THEM IN EARLIER DISCUSSIONS ON STATE OF BID REVIEW. THEY FELT THAT PERHAPS THE DECISION FAVORING THE FRENCH HAD BEEN MADE EARLIER AND THAT PROTESTATIONS TO CONTRARY BY EGYPTIAN OFFICIALS WERE ONLY "TO STRING ALONG" EMBASSY AND CHEMTEX. THE ALLEGED PREFERENCE OF FRENCH ON TECHNICAL BASIS WAS PARTICULARLY GALLING. HOWEVER, THEY WERE INFORMED DEC. 30 OF EMBASSY REPORTING THAT DECISION MAY

STILL NOT BE FINAL, AND THEY ARE HOPEFUL THAT ADDITIONAL APPROACHES MAY STILL TURN THINGS AROUND.

6. THE ACTING SECRETARY SAID THAT WE WANT TO HELP ON EGYPTIAN BID AS WELL AS PAKISTANI ONE; "WE WON'T FIGHT YOUR BATTLES DIRECTLY" BUT WILL SUPPORT CHEMTEX TO TRY TO GET FAIR CONSIDERATION OF THEIR PROPOSAL ON ITS MERITS. HE ADDED THAT AMBASSADOR EILTS WOULD BE HERE NEXT WEEK ON CONSULTATIONS AND WE SHALL DISCUSS MEANS TO ASSIST CHEMTEX AT THAT TIME. INGERSOLL

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